



Committee On Finance

Max Baucus, Ranking Member

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Floor Statement of U.S. Senator Max Baucus Regarding Airbus Subsidies

(WASHINGTON, D.C.) U.S. Senator Max Baucus delivered the following statement on the Senate floor applauding his colleagues for passing a resolution urging an end to European Union subsidies to Airbus. The floor statement follows:

“Mr. President, I applaud my Senate colleagues for voting unanimously for this resolution, of which I’m proud to be an original cosponsor. It will send a strong message of U.S. resolve to our friends in Europe.

For more than 30 years, Europe has provided Airbus with an endless stream of financial aid for the development of aircraft. These subsidies – known as ‘launch aid’ – have worked well for our allies across the Atlantic. In fact, launch aid has allowed Airbus to surpass Boeing last year as the world’s largest commercial airplane manufacturer.

Four European governments – France, Germany, Spain and Britain – today provide Airbus subsidies nearly unparalleled in the WTO era. ‘Launch aid’ alone has amounted to at least \$15 billion. These subsidies come in the form of no or low-interest government loans, debt forgiveness, government grants and much else. In real market terms, these subsidies are extraordinary.

‘Launch aid’ subsidies are not the end of it. They are part of a larger pattern of European assistance to Airbus, which has included:

- more than \$1.7 billion in infrastructure support for the A380 alone;
- additional loans from the European Investment Bank;
- forgiveness of over \$4 billion in past debts by both the EU and Member States;
- equity infusions and grants from government-owned and government-controlled banks;
- aeronautics R&D funding from the EU and Member States, which tripled with Europe’s fifth framework program and dramatically increased again with the current sixth program; and
- government support to European suppliers to Airbus.

And now the Europeans are at it again. Airbus already received over \$6 billion in aid for development of the A380, which competes against the Boeing 747 jumbo jet. Airbus is now also talking about the need for launch aid for the A350, to go head-to-head with the Boeing 787 jet.

It's time to put an end to European subsidies on large civil aircraft. They distort competition and cause injury to the world's only other producer of large scale civil aircraft. Boeing's global market share, based on deliveries, fell from nearly 67 percent in 1999 to 47 percent in 2004. This sector is critical to our economy. Large scale civil aircraft is one of our largest and most important exports.

Rightly, the United States challenged such subsidies in the World Trade Organization last October. On January 11, the United States and the European Union decided to put a standstill on this and related WTO proceedings and enter into a 90 day period of negotiations designed to put an end to civil aircraft subsidies.

Unfortunately, that 90 day period expires today, and there is no agreement in sight. While the United States remains open to negotiate an end of subsidies based on this January agreement, there is little evidence of the European Union's commitment to secure a fair solution.

We cannot sit by while Europe continues to stall and subsidize Airbus. Instead, it is time for forceful action to end – once and for all – these trade-distortive European subsidies.

We can and should remain open to negotiation, but only on the condition that European governments agree to cease providing Airbus launch aid. If that is not possible, then USTR should proceed expeditiously with its WTO case and let the world's trade arbiter rule, as it undoubtedly will, that launch aid for Airbus represents a WTO-inconsistent subsidy.

I am happy the Senate has passed this resolution today with such an overwhelming vote. If left unchecked, launch aid will surely result in further losses of high quality aerospace jobs in the U.S. We should not sit idly by as one of America's premier industrial sectors is swept away.

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